



SF Phosphates Limited Company

A Utah Limited Liability Company
9401 North Hwy. 191
Vernal, UT 84078-7802
(435) 789-7795

m/047/007

July 23, 2001

D. Wayne Hedberg
Permit Supervisor, Minerals Regulatory Program
Utah Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Dear Mr. Hedberg,

This letter is in response to your agency's request for justification of a three year Reclamation bond escalation in place of the current five year escalation.

The bond with a three year escalation will be sufficient to cover the costs of reclaiming all the disturbed areas that are present at any one time on the mine site. At SF Phosphates, reclamation is integrated into the mining sequence and takes place generally within two years from when the initial disturbance occurs. This practice has proven cost effective and efficient for this operation and there are no plans for changing in the future.

A review of reclamation progress at SF Phosphates will show that not only has the disturbed areas in the mine been sloped, topsoil spread and seeded within three years of initial disturbance but in most cases has also been released from bond by the State within the same three year time frame. The main exceptions to this are access roads, the Belt Line right-of-way and the mining access location in Panel C.

To maintain a five year escalation would not be taking into account the site specific reclamation practices. These practices are not only in the best interest of SF Phosphates but also benefit the State with rapid establishment of vegetation, which reduces erosion and provides land useful to wildlife.

If you have any questions, please do not hesitate to give me a call at (435) 781-3343.

Sincerely,

Chris McCourt, Mine Engineer

Cc: Miles Weaver, General Manager
Gene Schamber, Mine Manager

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OIL, GAS AND MINING